

Department for Environment, Food and Rural Affairs

Food and Drink Sector Council

Summary of Meeting

Wednesday 8 February 2023

Co-Chairs:

Industry Co-Chair

Tim J Smith CBE

Government Co-Chair

The Rt Hon Mark Spencer MP, Minister of State for Food, Department for Environment, Food and Rural Affairs (until 11.30am).

Food and Drink Sector Council Members:

Minette Batters	President, National Farmers Union
Karen Betts	Chief Executive, Food and Drink Federation
Sarah Bradbury	Group Quality Director, Tesco
Joe Clarke	UNITE, National Officer
Beth Hart	Vice President, Supply Chain and Brand Trust (UK&I), McDonalds
Chris Jewitt	Food and Drink North East
Sonia Kharaud	Deputy for James Bielby, Federation of Wholesale Distributors
Andrew Knowles	Chief Executive Officer, Fram Farmers Ltd
Robin Mills	Managing Director UK&I, Compass Group
Kate Nicholls	Chief Executive, UKHospitality
Andrew Opie	Director of Food and Sustainability, British Retail Consortium
Matthew Price	General Manager, Uber Eats UK&I
Andy Richardson	Director of Corporate Affairs and Sustainability, Volac
James Russell	Managing Director, AF Blakemore and Son
Nicholas Saphir	Chair, Agriculture and Horticulture Development Board
Cassandra Stavrou	Founder, Propercorn
Nick Whelan	Group Chief Executive, Dale Farm Ltd

Apologies:

Stefano Agostini	Chief Executive Officer, Nestlé UK and Ireland
James Bielby	Chief Executive, Federation of Wholesale Distributors (Sonia Kharaud deputising)
Lord Deben	Chairman, Sancroft
John Farrand	Managing Director, Guild of Fine Food and Defra SME Forum
George Weston	Chief Executive, AB Foods

Welcome and Opening Remarks from Industry and Government Co-Chairs:

Tim J Smith CBE opened the meeting and welcomed members.

Tim informed members that Stefano Agostini, Chief Executive Officer of Nestle UK & Ireland, would be stepping down from the Council from March as he moves to a different role in Nestle. Tim thanked Stefano in his absence for his contribution to the Council and in particular on the Council's input into the Government's Food Strategy. The secretariat would run an open process to fill his seat and would be in touch with more details. Tim intended to create a Sector Council selection panel to fill vacant seats. It was particularly important that any new members had sufficient authority and access to resources to move our work on at pace.

Tim welcomed the six new members to the Council – Andrew Knowles, James Russell, Beth Hart, Robin Mills, Chris Jewitt and Matthew Price.

Tim then highlighted that industry and government were facing many pressures. This first full meeting of the Council, co-chaired with Minister Spencer, was an opportunity to start working together to remove barriers and address longer term strategic issues facing the sector. As the Minister had to leave at 11.30am, the Council should make the most of his time to focus on where industry and Government could deliver in collaboration. Reaching agreement today was the focus of this meeting. Discussion with the Minister would be on priorities for the Council and the Independent Review into Labour Shortages in the Food Supply Chain. The Council's ways of working would likely include working groups, with substantive work between meetings and a need for members to commit time and resources.

Finally, Tim informed members that a note of the meeting would be published on gov.uk but the detail of discussion was under Chatham House rules. He then handed over to Minister Spencer.

Minister Spencer congratulated Tim on his appointment as Industry Co-Chair. He highlighted that the Government was committed to working with industry, through for example the Independent Review into Labour Shortages in the Food Supply Chain

with John Shropshire, and on making the Food Data Transparency Programme (FDTP) work for everyone. He welcomed the Council's paper on industry priorities and wanted to hear what Council members had to say in the rest of the meeting.

Food and Drink Sector Council Priorities:

Tim introduced this item and highlighted that the aim was to agree a list of priority areas for joint work through the Council. He referred to the paper circulated in advance on industry's perspective on priorities, reflecting discussion at the industry-only meeting on 23rd November 2022. Tim highlighted that priorities with too wide a scope would risk not providing a basis for tangible work areas with measurable actions building on expertise, evidence and data. He suggested that the analysis and data gathered for the National Food Strategy should not be dismissed. That would be a waste. He suggested that the work of the Council could then be to figure out how best to use that substantive evidence base.

Members endorsed the priorities and made the following observations.

Members called for collaboration and join-up within government as well as within industry, and with the governments of Scotland, Wales and Northern Ireland wherever possible.

Members thought that sustainability, workforce and resilience were industry's top priorities, and that the priority on the future of food needed defining further. In doing so, health and affordability were at the root of many challenges facing industry and could be considered.

Members commented on the need for the Council to have a manageable work programme and not attempt to do too much. With this in mind, sustainability and scope 3 emissions was highlighted as the greatest challenge. Workforce was also flagged. Members observed that food supply risks and business resilience could be joined up, as an understanding of supply chains was part of resilience.

On the specific priorities, it was suggested that on food supply risks a task and finish group be included to conduct a retrospective on lessons learnt from recent supply chain issues. On sustainability it was suggested that the sector needs a vision for the future to help businesses direct change.

Following a question about the impact of the Retained EU Law Bill Minister Spencer highlighted that the Government was looking at EU legislation in three buckets – 1) legislation which was not needed because it did not concern the UK (such as rules on Danish trawlers in Norwegian waters), 2) could be improved, or 3) was essential; and that a sensible outcome would be reached.

Independent Review into Labour Shortages in the Food Supply Chain

Tim introduced this item and invited John Shropshire, Chair of the Independent Review, to discuss evidence, initial findings and next steps and listen to the views of members. The Council would play a role in testing and responding to its recommendations.

John explained that the Review covered the whole of the production of edible food for human consumption industry. It was taking a medium to long-term view of labour challenges across farming, primary processing, and food and non-alcoholic drink manufacturing, considering how automation, domestic labour, and migration routes could contribute to tackling labour shortages.

John thanked members for their input into the evidence-gathering phase, which had encompassed interviews across the supply chain, 16 roundtables and a literature review. The report was now being written up and once published, would be put to Government for response within 3 months. John highlighted that whilst resolution of short-term issues was vital for a competitive food industry, longer term solutions were needed too.

John highlighted initial findings emerging from the evidence that recruitment, retention and reskilling were the biggest factors affecting labour supply. The evidence suggested that the sector was not attractive on its own terms or in terms of status, pay, progression, or location. Training rates were amongst the lowest in the developed world for farmers and farm workers. Some segments of the domestic workforce are hard-to-reach, and migrant labour in short supply.

John highlighted some areas emerging as potential parts of the solution, such as offering more flexible and family-friendly shifts (as some businesses were now doing) and sharing successful best practice with the wider industry. Automation would also have a role to play though some processes were unsuited and cost could be prohibitive.

John asked members if these findings tallied with their experience. In addition, Minister Spencer asked members if investment in innovation was being disincentivised by the tendering process in the fresh produce sector which could cancel out efficiency savings gained from automation as other parts of the pyramid benefitted instead of producers.

Members welcomed recent easing in labour issues but highlighted the risk that labour could as a consequence be given lower priority. What was needed was a workforce plan.

Members thought that part of making the sector attractive was reconnecting people with their food supply, investment in the training and apprenticeship infrastructure, capturing and scaling up good practice, and promoting the sector through education. Members thought the horticulture sector offered the greatest opportunity to grow.

Members thought barriers to workforce supply included an ageing workforce combined with earlier retirement. In addition, that employers needed to be realistic about how different ages would receive or resist technological change. Finally, members observed anecdotally that some potential workers were afraid to risk their safety net of income support, though job centres reported less so.

Members also highlighted previous work of the Council on “End of Transition” following EU Exit, which had recommended further work on imports backed by data and evidence - what imports were made up of, the reasons for them, and overseas workforces and which skills were missing and needed domestically.

Finally, a specific comment was raised about the Crown Commercial Service’s approach to procurement. Single entity frameworks in some Government Departments would undermine policy objectives of others, prove anti-competitive and not support SMEs.

Following a specific question on production targets, Minister Spencer highlighted the need to balance self-sufficiency with food security and to avoid setting artificial targets. John thanked members for their comments and agreed that the final recommendations of the Review should be brought back to the Council so that it could play a role in delivery of actions for industry. Tim thanked John Shropshire and closed the item. Both Minister Spencer and John Shropshire then left the meeting.

Food Data Transparency Partnership

Tim highlighted that there was uncertainty within industry about the purpose and asks of the Food Data Transparency Partnership (FDTP) and the role of the Council. He welcomed Karen Lepper (Deputy Director of Food Data, Standards and Sustainability at Defra) and Sean Povey (Deputy Director of Obesity Strategy and New priorities at the Office for Health Improvement and Disparities, Department for Health and Social Care) to update the Council and highlight the questions they wanted to ask.

Karen and Sean highlighted the purpose of the Partnership, to improve the environmental sustainability, nutritional composition and animal welfare standards of food and drink through greater availability and consistency of data. The Council will be an important forum for providing strategic advice and involving wider industry. The first objective of FDTP was to agree common definitions, metrics and standards for food data. No decisions have yet been made about the potential need for any new systems or requirements to collect, store, share or govern the data.

Karen and Sean invited views from members on FDTP priorities, the role of the Council and how it wanted to be involved.

Members supported the principle of better and more consistent data and agreed that the Council would provide strategic advice on the Partnership.

However, members highlighted the need for simple, solutions-based outputs. Members also emphasised the need for careful timetabling and sequencing, so that the Council advised on strategy and rationale before substantive discussions took place and decisions were made. Some members also reported that much of industry is yet to be convinced that the Partnership and forthcoming consultation will not be burdensome. Finally, members thought that environmental sustainability and greenhouse gas emissions were the highest priorities and should be reflected in the Programme as such, relative to other areas.

Karen and Sean reassured the Council that the Programme was about better use of existing data, not new data; and that no issues of substance had yet been discussed, with the main intention to be transparent by sharing information with industry as much as possible. They also undertook to consider how to communicate the Partnership to industry more clearly.

Issue Audit: What is Top of Mind for the Industry

Tim invited members to set out what was keeping them awake at night. He emphasized that the Council was not a lobbying forum but discussion under this item was an opportunity to share emerging risks and themes.

Members raised Extended Producer Responsibility (EPR) and the Deposit Return Scheme (DRS) as major challenges and urged the Government back to the table. Members explained that the issue was not cost, but of value for money for businesses and consumers. Members wanted EPR and DRS to result in reduced environmental impacts but thought it was structured such that it would not attract investment in recycling infrastructure. Members thought the regime was viewed by Government as a tax (unlike other countries) instead of being about doing the right thing for the circular economy.

Members raised food prices and cost inflation. Members highlighted that the scale of recent industrial action highlighted the scale of these, and that SMEs in particular were less well able to absorb rises of two or three times over.

Members raised international trade and the need for close links between the Council and the new Export Council and clarity on where they crossed over. It was noted that the Export Council Secretariat in the Department for International Trade were in the meeting.

Members highlighted that the short, medium and longer term consequences of underinvestment in the sector were now being seen. Members would welcome clarity on what to invest in, and to lead system-wide investment which would also address disincentivisation.

Governments of Scotland, Wales and Northern Ireland: Updates

Tim highlighted that the Council would take a UK approach where possible to strengthen join-up and reflect the cross-border nature of the industry, whilst respecting that to the governments of the four nations the scope of the Council was England-only. He invited Alice Biggins (Deputy Director for Food and Drink, Scottish Government) to update the Council for the Scottish Government and Brian Luke (Deputy Director for Food Supply and Systems Delivery for Northern Ireland, Department for Agriculture, Environment and Rural Affairs, Northern Irish Government) for Northern Ireland. He noted that Keith Smyton had sent apologies from the Welsh Government.

Alice highlighted that the Scottish Government was establishing a Food Security Unit and would be interested in joining up with Defra teams working on food security. She also highlighted Scotland's Food and Drink Industry Strategy, and task forces to tackle disruption caused by the war in Ukraine and on cumulative impacts, development of and understanding regulatory burdens.

Brian highlighted that in the absence of an executive in Northern Ireland, the Northern Irish Government was continuing business as usual and engaging with the food and drink sector across governments whilst operating within the Northern Ireland Protocol. He also highlighted pressure on SMEs and would be interested in data on smaller suppliers.

Tim then invited Andy Richardson to speak on Wales in his capacity as Chair of the Welsh Food and Drink Board. Andy emphasised he was not speaking for the Welsh Government but highlighted current industry discussion on the Food Bill and Food Commission, and that business were failing in the current economic climate.

Close

Tim thanked members for attending. He highlighted that there was a lot of work to do before the next meeting on 24th May. Members would be updated along the way and asked to provide resources. Tim then thanked the secretariat and closed the meeting.